



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 473** HLS 09RS 761
Bill Text Version: **ENGROSSED**
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.:

Date: May 30, 2009	2:10 PM	Author: LITTLE
Dept./Agy.: Revenue		
Subject:		Analyst: Deborah Vivien

TAX/SALES-USE, STATE EG DECREASE GF RV See Note Page 1 of 1
Authorizes a state sales and use tax exemption for certain commercial farm irrigation equipment

Current law subjects tangible personal property to 4% state sales tax, unless specifically exempt.
Proposed law specifically exempts the sale of polyroll tubing sold or used for commercial farm irrigation from state sales tax.
Effective upon governor's signature.

EXPENDITURES	2009-10	2010-11	2011-12	2012-13	2013-14	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2009-10	2010-11	2011-12	2012-13	2013-14	5 -YEAR TOTAL
State Gen. Fd.	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

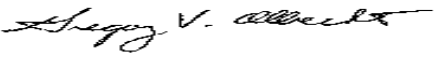
EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure.

REVENUE EXPLANATION

Presumably, equipment related to irrigation is already excluded from state sales tax under the farm equipment exclusion. However, this tubing must be replaced annually so is considered supplies and not equipment, which is subject to state sales tax. This bill will exempt sales of polyroll tubing for use in commercial farm irrigation from state sales tax. Prices vary for the tubing depending on size and characteristics. As a point of reference, assuming that a 200 foot roll of 3 inch tubing costs \$150 and 100 farmers purchase 50,000 feet per year (50,000’/200’ = 250 rolls of tubing), sales would total 250 rolls * \$150 * 100 farmers = \$3,750,000. At 4% state sales tax, these sales imply state sales tax losses of \$150,000 per year per 100 farmers purchasing 250 rolls per year. Data is not available on actual purchases of this tubing for commercial farm irrigation. Actual purchases per farmer could be substantially more or less than this amount.

There is no explicit stipulation for proof of use as commercial farm irrigation at the point of sale. Since this tubing may be purchased at numerous outlets, there could be confusion among sellers and purchasers as to the tax liability of the sale.

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>	
<input type="checkbox"/> 13.5.1 >= \$500,000 Annual Fiscal Cost		<input type="checkbox"/> 6.8(F) >= \$500,000 Annual Fiscal Cost	
<input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease	Gregory V. Albrecht Chief Economist